



**FSC Certification Report for the
2007 Annual Audit of:
Michigan Department of Natural Resources
Certificate Number: SCS-FM/COC-090N**

**Under the
SCS Forest Conservation Program
(An FSC-Accredited Certification Program)**

**Date of Field Audit: October 30 – November 2, 2007
Date of Report: May, 2008**

**Scientific Certification Systems
2200 Powell Street, Suite 725
Emeryville, CA 94608**

**SCS Contact: Dave Wager, Program Director
dwager@scscertified.com**

**Client Contact: Dennis Nezich, Forest Certification Specialist
nezichd@michigan.gov**

Section 2.0 (Surveillance Decision and Public Record) will be made publicly available on the SCS website (www.scscertified.com) no later than 60 days after the report is finalized.

1.0 GENERAL INFORMATION

1.1 CONTACT INFORMATION

Michigan Department of Natural Resources
1990 US-41
South Marquette, MI 49855
Contact: Dennis Nezich, Forest Certification Specialist
Email: nezichd@michigan.gov

1.2 General Background

This report covers the second annual audit of Department of Natural Resources (MI DNR) pursuant to the FSC guidelines for annual audits as well as the terms of the forest management certificate awarded by Scientific Certification Systems in December, 2005 (SCS-FM/COC-090N). All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing compliance with the requirements and standards of certification. A public summary of the initial evaluation is available on the SCS website www.scsertified.com.

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the second annual audit, there were five open Corrective Action Requests, the status of MI DNR's response to which was a major focus of the annual audit (see discussion, below for a listing of those CARs and their disposition as a result of this annual audit).

1.3 Guidelines/Standards Employed

For this annual audit, the SCS auditor team evaluated the extent of conformance with selected components of the FSC Lake States-Central Hardwoods Region Standards v3.0. Per FSC auditing protocols, it is not expected that annual surveillance audits cover the full scope and content of the applicable certification standard. Rather, it is expected that over the course of 4 successive annual surveillance audits that the full scope of the certification standard is addressed. The Lake States-Central Hardwoods Regional Standard was endorsed in February 2005.

2.0 SURVEILLANCE DECISION AND PUBLIC RECORD

2.1 Assessment and Surveillance Activity Dates

The SCS audit team (Robert J. Hrubes and Mike Ferrucci) conducted the field component of the 2007 annual surveillance audit of the Michigan Department of Natural Resources' (DNR) management of the state forest system on October 30 – November 2, 2007.

Prior to the 2007 annual audit the following audit activities were undertaken:

- October 26, 2007, Dennis Nezich submitted documentation in response to CARs 2006.1-2006.5, issued during the 2006 annual surveillance audit.
- Week of October 22, 2007, SCS staff conducted stakeholder phone interviews; the focus of this year's outreach was stakeholder groups and perspectives that have had limited or no interaction with the Michigan DNR certification process, thus far
- June through September 2007—intermittent/various communications, primarily via email, with DNR personnel on certification matters such as ongoing progress in addressing the open CARs; additionally, DNR provided information to SCS about ongoing developments in the state's negotiations with tribal representatives regarding inland treaty rights
- March 7, 2007, Dennis Nezich submitted documentation in response to CAR 2006.4, detailing MI DNR's to-date response and projected timeline for completion.
- October 23-24, 2006, Dr. Hrubes and Mr. Ferrucci conducted the 2006 annual surveillance audit.
- October 20, 2006, Sterling Griffin conducted phone interviews with representatives of stakeholder groups including the Newberry Tourism Association, Sierra Club, and the Michigan Lumberman's Association.
- September 15, 2006, Dr. Hrubes conducted conference call with MI DNR to review evidence previously submitted in response to Corrective Action Requests
- August 3, 2006, Dennis Nezich, MI DNR Certification Specialist, submitted (via email) 6 documents in response to CAR 2005.5
- August 3, 2006, Dennis Nezich submitted 3 documents in response to CAR 2005.13
- July 20, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.1
- July 20, 2006 Dennis Nezich submitted 4 documents in response to CAR 2005.8
- July 20, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.10
- July 17, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.11
- April 20, 2006, Dr Hrubes and Mike Ferrucci conduct conference call with MI DNR to discuss progress made in response to CAR 2005.9
- March 14, 2006, Larry Pederson submits memo committing to provide written summary of progress on CAR 2005.1
- March 7-10, 2006, Dr. Robert Hrubes and Mr. Mike Ferrucci conduct special surveillance audit. The audit consisted of the following activities:

- March 7, Review of documents
- March 8, Full day of group discussions and status reports on CARs at DNR headquarters in Lansing
- March 9, Review Grayling FMU with staff interviews
- March 10, Review Newberry Service Center and FMU with staff interviews
- December, 2005, initial certification awarded

2.2 Assessment Personnel

For the 2007 annual audit, the audit team was comprised of Dr. Robert J. Hrubes (lead auditor) and Mr. Michael Ferrucci. Both Dr. Hrubes and Mr. Ferrucci were team members for the 2005 full evaluation and 2006 surveillance audit, thus providing for good continuity.

Dr. Robert J. Hrubes, Team Leader: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a registered professional forester and forest economist with 27 years of professional experience in both public and private forest management issues. He served as team leader for the initial MI DNR Forest certification evaluation. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations. Dr. Hrubes has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well as operations in Scandinavia, Chile, and Japan. He also has professional work experience in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia. Dr. Hrubes is the author of this audit report.

Mr. Michael Ferrucci, Team Member (Forest Management and Silviculture):

Michael Ferrucci is a founding partner and President of Interforest, LLC, and a partner in Ferrucci & Walicki, LLC, a land management company that has served private landowners in southern New England for 17 years. Its clients include private citizens, land trusts, municipalities, corporations, private water companies, and non-profit organizations. He has a B.Sc. degree in forestry from the University of Maine and a Master of Forestry degree from the Yale School of Forestry and Environmental Studies. Mr. Ferrucci's primary expertise is in management of watershed forests to provide timber, drinking water, and the protection of other values; in forest inventory and timber appraisal; hardwood forest silviculture and marketing; and the ecology and silviculture of natural forests of the eastern United States. He also lectures on private sector forestry, leadership, and forest resource management at the Yale School of Forestry and Environmental Studies.

2.3 Assessment Process

The scope of the 2007 annual surveillance audit, as with all annual audits, included: document review, auditors spending time in the field and office, interviewing management personnel and, as appropriate, interacting with outside stakeholders. It should be noted that FSC protocols do not require extensive stakeholder consultation as part of annual surveillance audits.

Audit Itinerary:

Tuesday, October 30 – Traverse City:

The audit began with an opening meeting at the Area Forestry Office where discussions were held on the status of open corrective action requests (CARs), and the field itinerary was finalized. In the afternoon, the auditors and selected staff toured the Traverse City FMU. At the end of the day, the audit team traveled to Cadillac.

- Site #1 Compartment 44, Dead Horse Jack: Active final harvest mostly Jack Pine some Aspen and hardwood. Interviewed Ron Bundy, family member of purchaser; Ron is SFE trained and operates the heavy equipments such as a slasher. Due to limited markets for Jack Pine, the logging has been intermittent (they have authorization to only deliver 4 loads per month to Weyerhaeuser's Grayling mill).
- Site #2 Compartment 44, Williamsburg Oak: Review of a completed (summer 2007) oak harvest at the intersection of two public roads and with a snowmobile trail bisecting the unit; selection treatment including intentional gaps and some shelterwood establishment (heavier cutting); utilization was found to be excellent; the team also focused on the post-harvest aesthetic appearance due to the presence of roads and a recreation trail.
- Site #3 Compartment 41, The Wall: Uncut regeneration harvest removing aspen, oak, and maple with significant dispersed and clumped retention. The Vasa Trail, an important recreational pathway, runs through the stand but is well-buffered from much of the visual impact by what the team found to be effective planning including retention (uncut) patches along two significant areas of the trail-harvest interface.
- Site #4 Compartment 45, Sand Lake Quiet Area: The team drove through this unique (the only such designated) Special Conservation Area, containing pitted outwash topography featuring kettle lakes interspersed with maturing mixed pine-oak forests and extensive trail networks for non-motorized recreation draw significant recreational use. Management over the past 20 years involved limited aspen regeneration harvests. The team also toured a DNR campground.
- Site #5 Compartment 155 Kalkaska County: Proposed Sale #081, Stand 41: Mixed pine and hardwoods, aspen, maple, and jack pine designated for removal.

Wednesday, October 31 – Cadillac:

The day began with an opening meeting at the Cadillac Area Forestry Office to orient the team with the FMU and staff with the audit process. Sample sites were selected, and the rest of the day was spent viewing executed (or planned) harvest/treatment sites. At the end of the day, the audit team traveled to Grayling.

A.M.:

- Site #1 Compartment 114, Cutcheon Red: Red Pine second thinning in a 54 year old stand that was harvested in summer 2007 using a shortwood processor; a healthy, vigorous residual stand was observed with no discernable damage to stems or ground impacts.

- Site #2 Compartment 114, Turner Pineville: completed harvest including clearcut of Jack Pine strips and thinning of interspersed Red Pine strips. Was burned once, will wait up to 4 years and burn again, hoping to get red pine regeneration in the open areas.
- Site #3 Compartment 114, Mike and Tony Hardwoods: harvest completed; large single-tree selection hardwood sale some marked, some by designation of species to remove (all red maple, aspen, and beech under 8 inches dbh) with intentional creation of canopy gaps 0.1 to 0.2 acre size. Residual stand composed of vigorous, healthy trees. Observed significant presence of new oak seedlings from 2005 seed year throughout most of the stand.
- Site #4 Compartment 114, Ville Turner Aspen: harvest completed, limited retention but ok because this sale was planned in 2003 prior to retention guidelines; excellent regeneration response.

P.M.: Ferrucci – Lake County

- Site #5 RDR Project: Compartment 7, south of 7 Mile Road along Cole Creek and Pine River; damage from road-licensed vehicles accessing informal fishing and camping areas; emergency road closure followed by extensive repair, water bars, seeding, and removal of trash
- Site #6 Compartment 24, Fruiting Fungi: Multiple-unit Active Timber Harvest and logger interview; Harvest Unit 1 Aspen clearcut with scattered retention of marked oak trees, some of which had slight damage from logging; confirmed that the buyer/operator Mike Bean is SFE Trained, and machine operator Steve Zimmerman has the core training. Mike Bean supervises two logging crews and spends about half of his time on the sale.
- Site #7 Compartment 24, Fire Starters: planned timber sale, presale under-burn completed goal to kill most understory white pine and reduce ground litter to improve oak regeneration, generally met goal except in eastern portion of stand; will then do a shelterwood establishment harvest to remove most non-oak overstory; discussed landscape considerations including need to regenerate some oak and the strong presence of understory white pine as well as adjacent major deer wintering yard. Compartment review notes confirm strong successional tendency towards pine and challenges regenerating oak.
- Site #8 Compartment 24, Sawarock Pine: Completed Jack Pine clearcut strips interspersed with thinned red pine strips by removal of all trees from designated rows (one-third thinning). Clearcut areas had some green-tree retention, all areas excellent utilization
- Site #9 Compartment 24, Forest Treatment Proposal FTP C63-637: Site preparation by trenching “50% weave” then Red pine plant with some jack pine in frost pockets; discussed and drove by section that has adequate natural regeneration but did not inspect the portion to be treated

P.M.: Hrubes—Field Stops in the Western Portion of the Unit

- Site #5: High Bank Overlook and restoration area; this is a recreation/tourism site and serves as a good example of FMFM projects and investments in the non-timber production realm. Restoration activities were well designed and executed

- Site #6: Compartment 135: pine thinning operation in a mixed-wood stand; exemplary layout and protection of watercourse buffers; adequate snag retention; better retention of large oak and residual large white pine.

Thursday, November 1 – Roscommon and Gladwin:

The day began at the Roscommon Area Forestry Office, where the auditors had the opportunity to observe a Compartment Review (the first such opportunity presented to Hrubes/Ferrucci). A pre-review meeting had been held prior to meeting observed by the auditors. Approximately 15 DNR employees participated in the meeting, chaired by Tom Haxby. Of positive note, all stakeholder comments received in response to the notice about the Compartment Review were read aloud for all participants to hear (concerns pertain to clearcutting and ORVs). An interesting discussion occurred in the meeting between FMFM and WLD staff about single species versus multiple-species plantings. The discussion culminated in a compromise solution.

In the afternoon, the audit team drove to the Harrison Field Office to visit the Gladwin FMU. The rest of the day was spent visiting field sites, with a particular focus on ORV use in the Gladwin FMU. In the evening, the auditors traveled to Lansing, and began deliberations and preparation for the closing meeting the following day.

Roscommon:

- Site # 1 and 2 Roscommon Forest Fire Experiment Station: Review and discussion of site preparation methods, including trenching following the clearcut of a mixed oak-pine stand subject to frost pocket damage of oak regeneration. Will plant red pine on front section to buffer the ground of the station from Kirtland's warbler habitat. Second site was already planted.

Gladwin:

- Site # 1 Compartment 4, north end of Haskell Lake: Observed and discussed ORV damage, which was extensive. Resource Damage Report (RDR) 126A
- Site # 2 RDR 18-001-06: More ORV damage; road repair adjacent to a bog; a new culvert has been installed
- Site # 3 Leota Trail Head ORV parking lot and scramble area.
- Site #4 (drive through) Clear-cut Jack Pine stands as part of Kirtland's Warbler habitat management.
- Site #5 Compartment 7 Hemi Oak Sale: The second shelterwood entry in an important oak stand (on an isolated oak-dominated moraine in a sea of Jack Pine) essentially a partial overstory removal; logger interviews. Chad Weber, representative of Weber Brothers Sawmill is SFE trained. Joe Brooks, Logger has some training, his loggers (hand felling and bucking) were well equipped with safety equipment

Friday, November 2 – Lansing:

In the morning, the audit team deliberated and reviewed information gathered during the course of the field audit. A closing meeting was held, and final FSC briefings and results of the audit were presented to MI DNR staff. During the Friday group discussion, topics covered were:

- Status of state forest plan
- Status of regional plans
- Public involvement—response to the challenge from the Natural Resources Commission to improve modes and effectiveness of public involvement. DNR is exploring alternatives/supplements to Open Houses as attendance at these events have generally been very poor; Maureen McDonough of Michigan State University is being engaged to assist in the process of exploring alternative mechanisms.
- New organizational initiatives aimed at improving efficiencies, discussion led by Donna LaCourt: “value stream mapping,” “The 1 Great,” “Six Sigma”
- ORV management (discussion led by Steve DeBraebander): the ORV Task Force Action Plan will be folded into a new statewide ORV Plan to be submitted to the NRC in the first half of 2008.

2007 Annual Audit Participants:

Traverse City, Tuesday, Oct. 30

NAME	TITLE/POSITION
Mike Ferrucci	NSF-ISR, SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS, FSC Lead Auditor, SFI Auditor
Dennis Nezech	FMFM, Forest Certification Specialist, Michigan DNR
Larry Pedersen	FMFM, Planning Unit Supervisor, Michigan DNR
William O’Neill	FMFM, Lower Peninsula Field Coordinator
Mike Donovan	WLD, Resource Specialist
David Price	FMFM, Forest Cert. Planner
Cara Boucher	FMFM, Section Manager, Forest Resource Management Section
Penney Melchoir	WLD, Field Coordinator
Tim Webb	Forester – T.C.
Scott Throop	FMFM, District Timber Management Spec.
Rich Earle	Wildlife Biologist, T.C.
Steve Griffith	Wildlife Tech, T.C.
Roger Hoeksema	FMFM, District Forest Supervisor
Larry Visser	Wildlife Division, District Supervisor, Cadillac
Tom Rozich	Fisheries Division, Unit Manager, Cadillac
Dave Johnson	FMFM, Forest Tech, Kalkaska
Patrick Ruppen	Forester, T.C.
Ryan Mattila	Forester, Cadillac
Lt Dean Molnar	District Law Supervisor, Cadillac
Paul Simmer	FMFM, Fire & Recreation Supervisor, TC
Jerry Grieve	Forester, Kalkaska
Donna Hagan	Forester, Kalkaska
Scott Lint	Forest Tech, T.C.
Katie Campbell	FMFM, Motorized Trails Analyst, Cadillac OSC
Todd Neiss	FMFM, Recreation Specialist, Cadillac OSC
David Price	FMFM, Forest Certification Planner, Lansing

Tom Haxby	FMFM, Inventory & Planning Specialist
David Lemmien	FMFM, Unit Manager TC FMU

Cadillac, Wednesday, Oct. 31

DIVISION	NAME	TITLE/POSITION
NSF-ISR	Mike Ferrucci	SFI Lead Auditor
SCS	Robert Hrubes	FSC Lead Auditor
FMFM, Lansing	Larry Pedersen	Planning & Operations Supervisor
FMFM, Baldwin	Rick Hill	Forester
FMFM, Baldwin	Mindy Rogers	Unit Secretary
FMFM, Baldwin	Bryce Avery	Fire and Recreation Supervisor
FMFM, Baldwin	Cheryl Nelson	Forester
FMFM Cadillac OSC	Todd Neiss	District Recreation Specialist
WD Rose Lake	Penney Melchoir	Wildlife Division Field Coordinator
FMFM Cadillac	Katie Campbell	Motorized Trails Analyst
FMFM Manton	Jim Malloy	Forester
LED Cadillac	Michelle Wiegand	Area Law Supervisor
FMFM Manton	David Fisher	Forester
LED Cadillac	Lt Dean Molnar	District Law Supervisor
Fish Gaylord	Dan Pearson	Natural Rivers Program Coordinator
OLAF Cadillac	Sue Sobieski	Secretary
FMFM Cadillac	Andy Church	Forester
FMFM Gaylord	Bill O'Neill	Lower Peninsula Field Coordinator
WLD Cadillac	Ruthann French	Wildlife Technician
FMFM Cadillac	Scott Throop	District Timber Management Specialist
WLD Baldwin	Larry Smith	Wildlife Biologist
FMFM Marquette	Dennis Nezich	Forest Certification Specialist
FMFM Cadillac	Bill Sterrett	Unit Manager
Fisheries Cadillac	Tom Rozich	Unit Manager
WLD Cadillac	Larry Visser	District Supervisor
FMFM Cadillac	Roger Hoeksema	District Forest Supervisor

Gladwin, Thursday, Nov. 1

NAME	TITLE/POSITION
Mike Ferrucci	NSF-ISR, SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS, FSC Lead Auditor, SFI Auditor
Dennis Nezich	FMFM, Forest Certification Specialist
Larry Pedersen	FMFM, Planning Unit Supervisor
William O'Neill	FMFM, Lower Peninsula Field Coordinator
Penney Melchoir	WLD, Field Coordinator
Steven Nyhoff	Forester, Gladwin
Adam Bump	Wildlife Biologist – Bay City
Tim Gallagher	Forest Technician – Gladwin
Katie Campbell	FMFM, District Motorized Trails Analyst
Jeff Vasher	Fire Officer, Gladwin
Chris Damvelt	Fire Officer, Harrison
Jake Figley	FMFM, Fire and Recreation Supervisor, Gladwin

Tim Reis	Wildlife District Supervisor
Mark Reichel	Forester, Gladwin
Dean Shellenbarger	Wildlife Biologist - Gladwin
Bruce Barlow	Wildlife Tech – Gladwin
Roger Hoeksema	FMFM, District Supervisor, Cadillac
Courtney Borgondy	FMFM, Unit Manager, Gladwin

Lansing, Friday, Nov. 2

NAME	TITLE/POSITION
Mike Ferrucci	NSF-ISR, SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS, FSC Lead Auditor, SFI Auditor
Dennis Nezich	FMFM, Forest Certification Specialist
Larry Pedersen	FMFM, Unit Supervisor, Forest Planning and Operations Section
William O'Neill	FMFM, Lower Peninsula Field Coordinator
David Price	FMFM, Forest Certification Planner
Cara Boucher	FMFM, Section Manager., Forest Resource Management Section
Penney Melchoir	Wildlife Division, Field Coordinator
Lynne Boyd	Chief, FMFM
Donna LaCourt	Assistant Division Chief, FMFM
Mindy Koch	Resource Management Bureau Deputy
Douglas Reeves	Acting Chief, Wildlife Division
Joseph J. Taylor	FMFM, Section Manager, Program Services Section
Steve DeBrabander	FMFM, Unit Supervisor, Trails Operations
Steve Kubisiak	FMFM, Recreation & Trails Program Coordinator
David Freed	Chief, Land & Facilities, DNR
Kerry Fitzpatrick	WLD, Habitat Specialist

2.4 Status of Corrective Action Requests

Corrective Action Requests Issued On October 27, 2006:

2006 Observation: The current DNR rutting policy refers to maximum allowed depth of ruts but there is no reference to maximum allowed extent (length) of rutting. As such, the policy is open to widely varying interpretation in the field.	
CAR 2006.1	Develop and implement a rutting policy that is sufficiently specific and enforceable so as to allow for consistent interpretation and implementation across all field units.
Deadline	Prior to the 2007 summer logging season.
Reference	<i>FSC Criterion/Indicator 6.3</i>
2007 Observation: Lynne Boyd, Chief, Forest, Mineral and Fire Management and William Moritz, Chief, Wildlife signed an August 9, 2007 interoffice memorandum providing Interim Rutting Guidance and the Vegetative Erosion Control Guidelines Appendix, effective August 13, 2007. The old contracts had a 6" maximum allowed depth of ruts with no specified length. The new policy is 12" and 50' maximum length. Within a Riparian Management Zone (RMZ), maximum allowable depth is 6" and 25' maximum length. All timber sale contracts now include the new rutting guidelines. DNR field personnel interviewed during this audit demonstrated working familiarity with the	

new guidelines. While harvest areas examined during the 2007 audit were operating under contracts issued prior to the incorporation of the new rutting guidelines, logging personnel interviewed were familiar with the new rutting guidelines.

The interim guidelines will be incorporated into the revised SWQ, presently under development. The auditors hope that the SWQ will be released as soon as possible, certainly well in advance of the 2008 annual certification audit. Were this not to be the case, a new CAR may need to be established.

Disposition as a Result of the 2007 Audit: This CAR is now **closed**.

2006 Observation: While DNR has put in place a mechanism for citizens to recommend areas for consideration as High Conservation Value Areas, stakeholder consultation/input mechanisms for other aspects of FSC's Principle 9 are not yet in place.

CAR 2006.2	Develop and implement a public consultation mechanism for the full range of activities mandated by FSC Principle 9; i.e., development of regionally appropriate definitions of high conservation values pertinent to the Michigan State Forests, development of management prescriptions intended to maintain identified high conservation values, and monitoring of the efficacy of these prescriptions.
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Deadline	By the time of the 2007 annual surveillance audit.
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Reference	<i>FSC Criterion 9.2</i>
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2007 Observation: Written material submitted to the SCS auditors as part of the 2007 audit indicate substantive but partial progress in DNR's efforts to assure that all pertinent components of their HCVF obligations include stakeholder consultation. In its written response to this CAR, DNR has highlighted that, at present: *"There are two levels of public consultation in regard to HCVAs. The first is for selection of the type (attribute) of HCVA categories themselves, and the second is for the selection of distinct areas (location) of DNR ownership into each HCVA category.*

The initial set of DNR HCVAs was determined by selecting program areas that already have their own public processes that fit FSC Principle 9 definitions. Local and regional stakeholder consultation on this initial set of HCVAs occurred during public review of the 2006 State Forest Management Plan (SFMP) in July and August of 2006. Six public meetings and one dedicated stakeholder meeting were held for this purpose. Sixty persons attended the public meetings and 29 persons attended the stakeholder meeting. Seventy-nine comments were received during public review of Section 5.2 (HCVAs) of the SFMP, with two advocating for an additional type of HCVA. Based upon the public review one new type of HCVA (Biodiversity Stewardship Areas) was added for the current planning cycle. There will be a periodic opportunity for public recommendations for new types of HCVAs in every 5-year planning cycle for the review and update of statewide and regional State Forest plans.

With regard to soliciting public input on how designated HCVAs should be managed, DNR's submitted the following:

"Management direction for HCVAs will be provided in Section 5.2 of the 2006 SFMP and Regional State Forest Management Plans. Stakeholder and public review of the draft prescriptions outlined in the SFMP occurred in July and August of 2006. Public review of

regional plans will occur in 2008.”

We conclude that the State Forest Management Plan development process is indeed an appropriate vehicle/forum for soliciting public input on the appropriate approaches to managing HCVAs and we take positive note of DNR’s intent to incorporate similar consultation into the development of the Regional State Forest Management Plans, during 2008. Clearly, though, the State Forest Management Plan needs to be finalized and issued and the Regional State Forest Management Plan planning process needs to be fully initiated in all three regions so that the consultation does in fact take place and so that the Plans are completed and issued by the end of 2008 (see CAR 2007.3, below).

With respect to providing opportunities for public input on the efficacy of HCVA management policies, DNR submitted the following:

“Management and monitoring plans for Biodiversity Stewardship Areas and the current 165 ERAs are under development by DNR staff and when completed will be referenced in Section 5 of the statewide and regional forest management plans and also provided to the public in compartment review packets. Management plans and monitoring protocols for the first 44 ERAs are to be completed during the 2008/2009 year of entry for compartment review.”

We consider this to be an appropriate response approach, but of course it fundamentally hinges on the State Forest Management Plan being finalized and issued soon and the Regional State Forest Management Plans being completed and issued by the end of 2008.

Disposition as a Result of the 2007 Audit: On the basis of the responses and actions undertaken to date, the audit team concludes that this CAR can be **closed**. We note, however, that the subject matter of this CAR overlaps with CAR 2006.5 and, as discussed below, a follow-on corrective action request to CAR 2006.5 is being issued as a result of the 2007 annual audit (see CAR 2007). We raise this here because CAR 2007.3, broadly focusing on public consultation, will provide DNR with an opportunity to further refine/enhance the means by which it seeks input on the management of HCVAs.

2006 Observation: While the audit team concludes that DNR does engage in environmental analyses/assessments prior to site-disturbing activities, there is presently very little documentation of the analyses that do take place; and the documentation available to the public is particularly weak. This leads some stakeholders to conclude/assert that, in fact, DNR does not engage in environmental analysis as required by FSC Criterion 6.1.

CAR 2006.3	Develop and implement procedures and templates for better, more cohesively documenting the environmental analyses/assessments, including the elaboration of expected outcomes, that are conducted prior to and in support of site disturbing activities.
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Deadline	By the time of the 2007 annual surveillance audit.
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Reference	<i>FSC Criterion 6.1</i>
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2007 Observation: As part of the 2007 annual audit, DNR submitted to the audit team written action plans for this and each of the other CARs issued in 2006. The DNR’s Action Plan for responding to this CAR states:

“An outline will be developed of existing procedures for environmental analysis and assessments currently conducted for treatments prescribed on state forest land via the compartment review process. The outline will identify and describe the timing and role of pre-inventory meetings, compartment review process, MNFI review of YOE compartments, SHPO review procedure, field visits by foresters/biologists/& other professionals, dispute resolution procedures, stakeholder input mechanisms, and other special assessments that may potentially be conducted.”

During the 2007 audit, DNR provided the SCS auditors with an extensive written summary/outline of their impact assessment activities. While this information is helpful to substantiate our initial opinion that DNR does, in fact, assess potential environmental impacts prior to undertaking site-disturbing activities through a variety of means and mechanisms, the length and complexity of this summary document is such that it is unlikely to be an effective tool for helping the public to easily understand and be reassured about the extent and nature of environmental analyses undertaken by DNR in support of land management activities. A more concise and tractable (easily understandable) version of this document needs to be developed and appropriately issued, such as posting on the DNR’s website.

DNR’s Action Plan for responding to this CAR also states:

“In addition, for those treatments prescribed or approved outside of the compartment review process, a checklist will be developed that describes requirements for environmental assessment and that documents accomplishment of such for permanent records.

Dennis Nezech is to draft and submit to FCIT for review by June 15, 2007. Implementation by Management teams by August, 2007.”

This Action Plan notwithstanding, the auditors were informed in October 2007 that a draft checklist had been developed for documenting environmental assessments in support of actions taken outside of compartment reviews but that it was decided by the FCIT not to adopt this checklist for general use. The auditors consider it unfortunate and ill-advised that such a checklist has not been developed, as planned and as conveyed to the auditors in the written Action Plan. This is a component of the DNR’s response strategy that still needs to be completed.

Disposition as a Result of the 2007 Audit: On the basis of the substantial efforts undertaken by DNR in response to this CAR, the audit team concludes that this CAR should be **closed** but that there be a follow-on CAR, more narrowly focused, asking the Department to (a) produce a more reader-friendly version of the summary document already produced and (b) to make sure that the process for conducting and reporting on the environmental assessments conducted in association with decisions not covered in compartment reviews is adequate, as assured through a checklist (See CAR 2007.1).

2006 Observation: The audit team observes that there is considerable uncertainty as to the expected level of quantitative direction that should be incorporated into the eco-regional plans. Members of the eco-regional planning teams, when asked, express an expectation that the plans should/will contain direction of sufficient detail so as to provide clear guidance to the Compartment Review/OI process, yet the current draft of the East UP Plan now lacks such detail.

Without this detail, the audit team does not believe that the eco-regional plans will provide the critical link between statewide biodiversity/multi-resource goals/objectives and FMU (field-level) resource management decisions.	
CAR 2006.4	Through the issuance of additional written advice to the three eco-regional planning teams, assure that the eco-regional plans incorporate specific, quantitative direction/guidance that will effectively inform decision making at the compartment level. This direction must include measurable and geographically-specific targets that will enable/assure that FMU- and compartment-level actions are compatible with the attainment of the DNR's multi-resource and biodiversity goals and objectives.
Deadline	March 1, 2007
Reference	<i>FSC Criterion/Indicator 7.1.a.1</i>
<p>2007 Observation: In response to this Corrective Action Request, DNR has initiated a substantial revision in their approach to planning at the eco-regional scale. While these changes are going to require a postponement in the timeframes for completing both the Eco-regional Plans as well as the newly-defined Regional State Forest Management Plans, the audit team concludes that in the mid- and long-run "getting it right" should trump "getting it done at the earliest possible time." So, while we remain concerned about another postponement of target completion dates, we conclude that it is warranted, <i>provided that the revised dates are now going to be met.</i></p> <p>Responses to this CAR, since its issuance in October 2006 can be summarized as follows:</p> <ul style="list-style-type: none"> At the Feb 6, 2007 Statewide Council (SWC) meeting, the SWC received a presentation from the WUP Ecoteam on a proposal to incorporate a <i>Management Area Concept</i> into the WUP Eco-Regional Management Plan. This proposal was subsequently adopted by SWC and incorporated into a broader strategy that features the development of <i>Regional State Forest Management Plans</i>. A new Work Instruction was subsequently developed and adopted (excerpts quoted, below): <p>"Work Instruction Title: 1.3 Regional State Forest Management Plan Development</p> <p>The SWC has approved a proposal to use a concept of distinct management areas (MAs) in the Regional State Forest Management Plans.</p> <p>Section 6. Using Management Areas as a framework, Regional State Forest Management Plans will contain specific, quantitative landscape-level direction that will inform tactical decision-making processes during compartment review at the Forest Management Unit (FMU) level of operations. This management direction will be embodied in Sections 4 and 5 of the plans."</p> A Powerpoint presentation that was developed in the summer of 2007 was provided to the audit team; this Powerpoint presentation provides a good overview of the management area concept and how the concept operationally fits into the new Regional State Forest Management Plans. Training efforts, focusing on the eco-regional planning teams, on the management area concept and Regional State Forest Plans is underway; eco-regional planning team members appear to embrace the new direction and appear eager to move forward in the new direction. During the 2007 annual audit, the audit team was fully briefed by DNR employees (e.g., 	

<p>Pederson, Price, Haxby) on the management area concept and Regional State Forest Plans. During these discussions, DNR conveyed to the auditors that it is now committed to—and will devote sufficient resources to assuring—completion of the Regional State Forest Plans by the end of 2008. It was not clearly conveyed to the audit team what the revised time schedule now is for completing the companion Eco-Regional Plans.</p>	
<p>Disposition as a Result of the 2007 Audit: On the basis of the revised course of action, albeit with revised/postponed completion dates, the audit team concludes that DNR has made real and substantive progress in responding to this Corrective Action Request. That is, we are confident that the revised planning process will in fact assure that landscape-scale plans will provide clear, quantitative and useable guidance for developing management direction and plans at the compartment and FMU levels. We therefore conclude that this CAR should be closed but that closure be accompanied by issuance of a follow-on CAR intended to assure that the process will in fact achieve the DNR’s new commitment to complete the Regional State Forest Plans by the end of 2008. This follow-on CAR will also request that DNR clarify and set a firm target(s) for completing the companion Eco-Regional Plans (See CAR 2007.2, below.)</p>	

<p>2006 Observation: Stakeholder input received through the audit team’s consultative outreach reveals a generally held view that DNR is not very adept at soliciting and then substantively considering stakeholder input. Additionally, the audit team notes that the Open Houses are generally not an effective mechanism for assuring robust public involvement.</p>	
CAR 2006.5	Develop a strategy for comprehensively reviewing DNR’s stakeholder input/participation mechanisms in order to identify and implement opportunities for improving overall stakeholder satisfaction with DNR’s efforts at transparency and consultative decision making.
Deadline	By the time of the 2007 annual surveillance audit.
Reference	<i>FSC Criterion/Indicator 4.4.e</i>
<p>2007 Observation: As part of the 2007 annual audit, DNR provided the audit team with a briefing document describing the Department’s responses to this CAR. The lynchpin of the DNR’s response strategy were these two high-level actions:</p> <p>“A). <i>The Natural Resources Commission, with support from the Statewide Council (SWC), has established a goal for 2007 to improve stakeholder collaboration and involvement in decision making</i></p> <p>B). <i>The Statewide Council has established a Public Involvement Work Group (PIWG), sponsored by Deputy Mindy Koch</i></p> <p>C). <i>Members of the PIWG already appointed are Jay Wesley, Rex Ainslie, Lynne Boyd, Pat Stewart, and Ann Wilson.</i>”</p> <p>Additionally, the briefing document provide the auditors with a lengthy list of individual actions taken or continued by DNR in the past year that are responsive to the thrust of this CAR—to improve DNR’s efforts at transparency and consultative decision making. Some of the more notable actions listed in the briefing document include:</p> <ul style="list-style-type: none"> • SWC’s approval of the use of a collaborative public process by all eco-teams for the development of Ecoregional Resource Plans in the form of Regional Advisory Committees that will be comprised of regional stakeholders • Initiation of a review of existing compartment review procedures and how they may be improved to facilitate more meaningful public involvement and understanding in State 	

Forest operations.

- SWC's approval of a public review plan for the Biodiversity Conservation Planning process
- Use of the (extant) Forest Management Advisory Committee and the Natural Resource Commission as forums for public review of the new management area concept and the associated Regional State Forest Management Plans
- Ongoing collaboration with the Pigeon River Country Advisory Council, focusing on the Update of the Concept of Management for that unit
- Ongoing negotiations with five Native American tribes that has led to a signed agreement that, in turn, will lead to much more collaboration with these tribes in the management of the state forests
- Stakeholder consultation as part of the development of the Michigan State Comprehensive Outdoor Recreation Plan (SCORP).

The SCS auditors consider these actions to all be responsive and of merit. However, there are key aspects of the DNR's response to this CAR that have not evolved as intended or have not yet reached fruition. Of particular note:

- The PIWG, after the team members were named, never actually got going in terms of establishing and completing a work plan. In fact, the SCS auditors were informed by DNR senior staff during the 2007 audit that the PIWG is essentially non-functional and that there are no plans to resurrect it. This of course is of considerable concern to the auditors as the PIWG was intended to serve in a central and unifying role to follow through on the NRC's policy commitment that 2007 would be the "year of public consultation improvements." The fact that the PIWG did not and will not function as intended means that DNR's efforts to respond to this CAR and to the NRC's policy initiative are reverting to an uncoordinated collection of individual actions
- The review of the existing compartment review procedures, while initiated, has not yet proceeded very far

In short, the Department can rightly point to an array of individual examples of efforts to enhance stakeholder consultation and transparency, but it cannot say that it has in fact established and completed a coordinated and comprehensive approach to this subject matter. While positive actions have been taken, follow-up, better coordination, and overall guidance/leadership in the form of a work plan or written strategy and in the absence of the PIWG is needed.

Disposition as a Result of the 2007 Audit: In the judgment of the audit team, DNR has made partial yet substantial progress in responding to this corrective action request. Rather than keeping this CAR open, the audit team is electing to **close this CAR** and issue a follow-on, more narrowly focused corrective action request (see CAR 2007.3, below).

Recommendations:

REC 2006.1	DNR should consider developing and posting a written rationale for why the "named" forest plans are not going to be maintained and how forest-level planning is being superseded by other planning mechanisms.
Deadline	Recommendation, no deadline stipulated
Reference	<i>FSC Principle 7, Criteria 1-4</i>
Auditor Comments (October 2006): The SCS auditors were unable to pursue this recommendation during the 2006 annual surveillance audit. It is hoped that DNR will be able to	

act upon this recommendation during the coming months.
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REC 2006.2	DNR should consider better publicizing the HCVF recommendation process; a document describing the nomination process is on the DNR web site but it is difficult to find.
Deadline	Recommendation, no deadline stipulated
Reference	<i>FSC Principle 9</i>
Auditor Comments (October 2006): At the time of the audit in late October, DNR had not acted upon this recommendation. However, DNR personnel helped the auditors navigate through the Department's web site and we found the access to the application form is only 3 "clicks" from the home page, workable if not ideal.	

2.5 General Observations

Internal auditing of field level compliance with certification Work Instructions remains a very positive aspect of DNR's certification engagement

Planning at the regional and state-level continues to be in flux but changes in direction are for the better. DNR must bring these planning initiatives to resolution and completion.

ORV management requires greater focus and follow-through.

DNR must continue to improve the manner in which it records/memorializes the various types of environmental analyses that are undertaken prior to implementing site-disturbing management activities.

DNR remains earnest in its efforts to address CARs.

Overall, DNR's management of the state forests is on a steady course despite the increasing challenges associated with budget and staff limitations.

2.6 New Corrective Action Requests and Recommendations

<p>Observation: In response to CAR 2006.3, DNR prepared a document that comprehensively documents the various means and mechanisms by which environmental analyses/assessments are conducted prior to and in support of site-disturbing activities. However, due to its length, this document does not constitute a tractable and concise overview that will readily enable interested stakeholders to understand and take advantage of the means available to them to offer input and to be reassured that, in fact, environmental assessments are being undertaken. Additionally, as part of the response to CAR 2006.3, DNR initially intended to create a checklist that would help to assure and to better document that possible environmental impacts are being considered in decisions that are not covered by compartment reviews. Subsequently, and prior to the 2007 audit, DNR opted not to develop this sort of checklist.</p>
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CAR 2007.1	<p>a)DNR must prepare and make publicly available (such as posting on the DNR website) a concise summary presentation of the means and mechanisms by which possible environmental effects of site-disturbing activities on the state forests are identified and considered prior to undertaking such actions.</p> <p>b) In the document requested in Part (a) of this CAR, or in a separate document, DNR must provide a concise overview of the process by which possible environmental impacts are considered in decisions not covered by compartment reviews. If current procedures do not assure adequate quality and transparency of such impact analyses, DNR must develop new tools (such as checklists or other guidance documents).</p>
Deadline	Part (a): February 1, 2008; Part (b): June 1, 2008.
Reference	<i>FSC Criterion 6.1</i>
<p>DNR Response/Auditor Comments: Response to part (a): DNR submitted to SCS electronically a 15-page summary document entitled “State Forest Land Resource Management Activities”. The document, available at http://www.michigan.gov/dnr/0,1607,7-153-30301_30505---,00.html, includes a planning and operations checklist, as well as a concise overview of steps in the compartment review process. The summary also has helpful flowcharts to illustrate these processes, and appendices that include information on relevant records, contacts, and protection of T/E species and cultural resources. On the basis of this submittal, the audit team concludes that: CAR 2007.1, Part (a) is now closed. Part (b) of this CAR remains open and additional evidence of actions taken in response to Part (b) is expected in June.</p>	

<p>Observation: At the time of the 2006 annual audit, the SCS auditors were informed by DNR that the State Forest Management Plan would be completed in early 2007. But at the time of the 2007 annual audit, in October, the State Forest Management Plan had not yet been completed and released. This postponement is, unfortunately, just one of numerous instances where DNR’s intended and, in many cases, publicly-announced target completion dates for plans were not met. And, though we understand the reasons why, we must also take note of the fact that the intended completion dates for the Eco-regional plans has also been pushed back by at least a year compared to what was the case at the time of the 2006 annual audit. These continued postponements and delays in completing key planning processes and plan documents undermines DNR’s credibility with many stakeholders and it puts its certifiers in an awkward position. Clearly, these plans must be completed.</p>	
CAR 2007.2	<p>(a) DNR must complete and issue the State Forest Management Plan in the very near future.</p> <p>(b) DNR must establish and submit to SCS a task-based work schedule, with associated allocation of sufficient staff resources, that will assure completion of the Regional State Forest Management Plans by the end of 2008, as was committed to the auditors during the 2007 annual audit.</p>
Deadline	Part (a): February 29, 2008; Part (b): January 15, 2008.
Reference	<i>FSC Criterion/Indicator 7.1.a.1</i>
<p>DNR/Response Auditor Comments: Response to Part (a): MI DNR issued a press release on January 30, 2008 announcing the completion of the revised draft of the Michigan State Forest Management Plan. The public review period for the plan lasted from January 29 – March 14, 2008. The final Director’s</p>	

decision for the plan's approval was scheduled for the April 10, 2008 Natural Resources Commission meeting. Subsequent to that date, DNR provided SCS with documentary confirmation that the State Forest Management Plan was adopted on April 10th. Accordingly, the audit team concludes that **Part (a) of CAR 2007.2 is now closed.**

Response to Part (b): MI DNR submitted to SCS task-based timelines (approved by the Statewide Council) for the Northern and Southern Lower Peninsula, and Eastern and Western Upper Peninsula Regional State Forest Management Plans. The timelines list the responsible parties for each task, and is that submittal of final drafts to the Statewide Council by year end 2008. On the basis of these submitted timelines, the audit team concludes that **Part (b) can be closed.**

However, a new, most likely Major CAR could be issued in October 2008 as part of the 2008 annual surveillance audit if it is apparent at that time that the timelines for completing the Regional state plans are not going to be met.

Observation: As presented to the audit team in briefing materials for the 2007 annual audit, a key element of DNR's response to CAR 2006.5 was the establishment of a Public Involvement Working Group (PIWG). The members of the PIWG were named including the head of the group, Deputy Director Mindy Koch. But due to unanticipated factors, the PIWG didn't become active and, as of October 2007, there is no longer an expectation that the PIWG will be an element in the DNR's ongoing efforts to comprehensively review stakeholder input/participation in order to identify and implement opportunities for improving overall stakeholder satisfaction with DNR's efforts at transparency and consultative decision making. So, while there have been new mechanisms that have and will provide additional opportunities for stakeholder consultation (see CAR 2006.3, above) as well as a collection of uncoordinated efforts at improved stakeholder consultation, a comprehensive review remains to be undertaken. Additionally, and in response to a specific issue raised in CAR 2006.5, the review of existing compartment review procedures and how they may be improved to facilitate more meaningful public involvement has been initiated but not yet completed

CAR 2007.3	<ul style="list-style-type: none"> a) DNR must first identify and design a process for addressing stakeholder consultation now that the PIWG is no longer part of the strategy. b) Once a process has been established, DNR must then develop a comprehensive, cohesive strategy for identifying and implementing opportunities for enhanced stakeholder consultation and public transparency. As part of this effort, DNR must complete the review of existing compartment review procedures, initiated in 2007, and how these procedures can be improved to facilitate more meaningful public involvement.
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Deadline	Part (a): February 15, 2008; Part (b): by the time of the 2008 annual audit
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Reference	<i>FSC Criterion/Indicator 4.4.e</i>
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DNR Response/Auditor Comments:

Response to Part (a): MI DNR submitted to SCS a document entitled "Public Involvement and Consultation Activities of the DNR" which identifies the processes and methods of stakeholder involvement and consultation, and includes a description of various stakeholder initiatives and strategies. The document also includes a Public Participation Matrix which serves as a visual guide for the different means of public involvement. Based upon a review of these documents, the auditors conclude that **Part (a) can be closed.** Part (b) of this CAR will be a focused part of

the 2008 annual surveillance audit.

Observation: Management of off-road recreational vehicle use on the state forests remains a growing challenge; unauthorized use remains extensive, particularly on the state forests nearest to major population centers. In response to this ongoing management challenge, DNR in 2006 established an ORV Strategy Task Force. The Task Force created an Action Plan (October 12, 2006) to implement the strategy and recommended actions it developed (Final Recommendations, May 25, 2006). In interviews with ORV specialists in the field and with headquarters staff involved in ORV management as part of the 2007 annual audit, it was revealed that DNR top management has yet to take action on most of the Task Force's final recommendations, as presented in the ORV Action Plan of October 2006. In the judgment of the SCS auditors, there is a need to complete this initiative in order to assure that unauthorized ORV use on the state forests does not put DNR in non-conformance with the FSC certification standards.

CAR 2007.4	DNR must implement the recommendations of the ORV Task Force and pursue other strategies that will accomplish the objectives behind the Task Force's recommendations. Specifically, the new statewide ORV management plan which was described to the auditors during this annual audit as presently under development with an intent to be completed by Spring of 2008 must, in fact, be completed and delivered to the NRC by that date.
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Deadline	April 1, 2008
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Reference	<i>FSC Criterion 1.5.</i>
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DNR Response/Auditor Comments: Public comments on the revised draft ORV Management Plan were accepted until February 25, 2008. The March 8, 2008 "Off-Road Vehicle (ORV) Management Plan" is available for download from http://www.michigan.gov/dnr/0,1607,7-153-10365_15070---,00.html. The MI DNR website states, "*This revised ORV management plan is based on comments received during the initial public comment period. This document will be sent to the Natural Resources Commission (NRC) for information in March and April and for action in May.*" Subsequently, DNR provided SCS with documentary confirmation that the ORV plan was, in fact, approved on May 8th. Accordingly, the audit team concludes that **this CAR is now closed.**

Recommendations:

Background/Justification: Indicator 5.3.a. states: *Adequate quantities and a diversity of size classes of woody debris (considered a reinvestment of biological capital under this criterion—not an economic waste) are left on the forest floor to maintain ecosystem functions, wildlife habitats, and future forest productivity.* Also Indicator 6.3.b requires: *Well-distributed, large woody debris is maintained.* Indicator 6.3.c.1 states: *Biological legacies of the forest community are retained at the forest and stand levels, consistent with the objectives of the management plan, including but not limited to: large live and declining trees, coarse dead wood, logs, snags, den trees, and soil organic matter.* With emerging biomass markets adding to what are already robust markets for utilization, there is a potential that market forces may push the balance toward excessive utilization, to the detriment of long-term site productivity and habitat

considerations.	
We take positive note of the fact that Michigan DNR is presently reviewing its retention guidelines, in consultation with external experts. During the 2007 annual audit, we were informed that DNR will complete this review during the first half of 2008. Completion of the review and revisions, as appropriate, should occur as soon as practicable in light of emerging biomass/bio-fuels markets.	
REC 2007.1	DNR should develop and implement guidelines for woody debris retention/recruitment in timber harvests in which biomass/bio-fuels recovery is part of the operation. Woody debris retention guidelines should assure sufficient retention of woody debris for both wildlife and nutrient cycling/soil productivity.
Deadline	To be reviewed at the 2008 annual audit
Reference	<i>FSC Criterion/Indicators 5.3.a, 6.3.b, and 6.3.c.a</i>

2.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that Michigan DNR's management of State of Michigan Forest Properties continues to be in strong and improving overall compliance with the FSC Principles and Criteria, as further elaborated by the Lake States-Central Hardwoods Region Standard (V3.0). That is, and while there remain aspects of the management program for which improved conformity to the regional certification standard is needed, the SCS audit team concludes from this (2007) annual audit that Michigan DNR's forest management program is in adequate overall conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as DNR's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is warranted, subject to ongoing progress in closing out the open CARs and subject to subsequent annual audits.

3.0 DETAILED OBSERVATIONS

This section is divided into two parts: Section 3.1 details the determining of conformance and non-conformance with the elements of the standard examined during this audit. Section 3.2 discusses any stakeholder comments.

3.1 Evaluation of Conformance

The auditors elected to focus on Principles 6 and 7 as well as selected Criteria in other Principles during this surveillance audit:

REQUIREMENT	Σ	COMMENT/CAR
P1 Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to		

which the country is a signatory, and comply with all FSC Principles and Criteria.		
C1.1 Forest management shall respect all national and local laws and administrative requirements.		
C1.2. All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.		
C1.3. In signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA, and Convention on Biological Diversity, shall be respected.		
C1.4. Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and by the involved or affected parties.		
C1.5. Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	NC	Management planning for ORV use has not been pursued through to completion. See CAR 2007.4. Note: in May 2008, the ORV plan was adopted by the NRC. This is a positive milestone but continued focus on managing illegal/unauthorized ORV use on the state forests is needed.
C1.6. Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.		
P2 Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.		
C2.1. Clear evidence of long-term forest use rights to the land (e.g., land title, customary rights, or lease agreements) shall be demonstrated.		
C2.2. Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.		
C2.3. Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.		
P3 The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected. During the October 2007 surveillance audit, DNR personnel (led by Penny Melchoir) provided the auditors with an update on recent developments in the years long negotiations with Michigan tribes and the development of a consent decree. The 2008 surveillance audit will focus, in part, on Principle 3.		
C3.1. Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.		
C3.2. Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.		
C3.3. Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers.		
C3.4. Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.		
P4 Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.		
C4.1. The communities within, or adjacent to, the forest		

management area should be given opportunities for employment, training, and other services.		
C4.2. Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.		
C4.3 The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labor Organization (ILO).		
C4.4. Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.	NC	DNR must devote the resources needed to complete the various initiatives that have been started but not completed that all focus on trying to improve the methods and effectiveness of public involvement. See CAR 2007.3.
C4.5. Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.		
P5 Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
C5.1. Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.		
C5.2. Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.		
C5.3. Forest management should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.		
C5.4. Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.		
C5.5. Forest management operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.		
C5.6. The rate of harvest of forest products shall not exceed levels that can be permanently sustained.		
P6 Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.		
C6.1. Assessments of environmental impacts shall be completed -- appropriate to the scale, intensity of forest management and the uniqueness of the affected resources -- and adequately integrated into management systems. Assessments shall include landscape level considerations as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.	NC	DNR must do a better job of clearly and concisely conveying to interested stakeholders the manner in which potential environmental impacts are considered prior to the execution of site-disturbing activities. The SCS auditors are satisfied that such analyses are in fact conducted but there has been inadequate documentation of the impact assessment activities that are undertaken. See CAR 2007.1.
C 6.2. Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping, and collecting shall be controlled.	C	

C6.3. Ecological functions and values shall be maintained intact, enhanced, or restored, including: a) Forest regeneration and succession. b) Genetic, species, and ecosystem diversity. c) Natural cycles that affect the productivity of the forest ecosystem.	C	DNR has now developed rutting guidelines
C6.3.a. Forest regeneration and succession		
C6.3.b. Genetic, species, and ecosystem diversity		
C6.3.c. Natural cycles that affect the productivity of the forest ecosystem		
C6.4. Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.	C	
C6.5. Written guidelines shall be prepared and implemented to control erosion; minimize forest damage during harvesting, road construction, and all other mechanical disturbances; and to protect water resources.	C	
C6.6. Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides. World Health Organization Type 1A and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimize health and environmental risks.	C	DNR is actively pursuing derogations with the FSC, thereby demonstrating conformance to this Criterion
C6.7. Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.	C	
C6.8. Use of biological control agents shall be documented, minimized, monitored, and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited.	C	
C6.9. The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.	C	
C6.10. Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion: a) Entails a very limited portion of the forest management unit; and b) Does not occur on High Conservation Value Forest areas; and c) Will enable clear, substantial, additional, secure, long-term conservation benefits across the forest management unit.	C	Planted stand management regimes do not result in forest conditions, over the long term and at the landscape level, that meets the FSC's definition of plantations. Red pine management prescriptions come closest to the FSC definition of plantation forestry and DNR should be exploring opportunities for incorporating more diversity into their prescriptions.
P7 A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.		
C7.1. The management plan and supporting documents shall provide: a) Management objectives. b) description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands. c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories. d)	NC	Large scale management planning (regional) remains deficient as timetables for completing these large scale plans continue to be pushed back. See CAR 2007.2. On a positive note, the state forest management plan has now been completed an adopted (in April 2008).

Rationale for rate of annual harvest and species selection. e) Provisions for monitoring of forest growth and dynamics. f) Environmental safeguards based on environmental assessments. g) Plans for the identification and protection of rare, threatened and endangered species. h) Maps describing the forest resource base including protected areas, planned management activities and land ownership. i) Description and justification of harvesting techniques and equipment to be used.		
7.1.a. Management objectives	C	
7.1.b. Description of forest resources to be managed, environmental limitations, land use and ownership status, socioeconomic conditions, and profile of adjacent lands	C	
7.1.c. Description of silvicultural and/or other management system	C	
7.1.d. Rationale for the rate of annual harvest and species selection	C	
7.1.e. Provisions for monitoring forest growth and dynamics.	C	
7.1.f. Environmental safeguards based on environmental assessments (see also Criterion 6.1).	C	
7.1.g. Plans for the identification and protection of rare, threatened, and endangered species. (see also Criterion 6.3)	C	
7.1.h. Maps describing the forest resource base including protected areas, planned management activities, and land ownership.	C	
7.1.i. Description and justification of harvesting techniques and equipment to be used. (see also Criterion 6.5)	C	
C7.2. The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.	NC	Plan revisions are substantially behind schedule; see CAR 2007.2
C7.3. Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plans.	C	
C7.4. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.	C	DNR does a highly exemplary job of making planning documents and materials available on the Department's web site.
P8 Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.		
C8.1. The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations, as well as, the relative complexity and fragility of the affected environment. Monitoring procedures should be consistent and replicable over time to allow comparison of results and assessment of change.		
8.2. Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators: a) yield of all forest products harvested, b) growth rates, regeneration, and condition of the forest, c) composition and observed changes in the flora and fauna, d) environmental and social impacts of harvesting and other operations, and e) cost, productivity,		

and efficiency of forest management.		
8.2.a. Yield of all forest products harvested.		
8.2.b. Growth rates, regeneration, and condition of the forest		
8.2.c. Composition and observed changes in the flora and fauna		
8.2.d. Environmental and social impacts of harvesting and other operations		
8.2.e. Cost, productivity, and efficiency of forest management		
C8.3. Documentation shall be provided by the forest manager to enable monitoring and certifying organizations to trace each forest product from its origin, a process known as the "chain of custody."		
C8.4. The results of monitoring shall be incorporated into the implementation and revision of the management plan.		
C8.5. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those listed in Criterion 8.2.		
P9 Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.		
C9.1. Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and intensity of forest management.		
C9.2. The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.	C	Progress has been made in improving DNR's consultative processes in the context of HCVF but additional effort is needed (see CAR 2007.3, tied to Criterion 4.4
C9.3. The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary.		
C9.4. Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.		
P10 Plantations shall be planned and managed in accordance with Principles and Criteria 1 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.		
C 10.1. The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan, and clearly demonstrated in the implementation of the plan.	NA	
C 10.2. The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests. Wildlife corridors, streamside zones and a mosaic of stands of different ages and rotation periods shall be used in the layout of the plantation, consistent with the scale of the operation. The scale and layout of plantation blocks shall be consistent with the patterns of forest stands found within the natural landscape.	NA	
C10.3. Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability. Such diversity may include the size and spatial distribution of management units within the landscape,	NA	

number and genetic composition of species, age classes and structures.		
C10.4. The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives. In order to enhance the conservation of biological diversity, native species are preferred over exotic species in the establishment of plantations and the restoration of degraded ecosystems. Exotic species, which shall be used only when their performance is greater than that of native species, shall be carefully monitored to detect unusual mortality, disease, or insect outbreaks and adverse ecological impacts.	NA	
C10.5. A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.	NA	
C10.6. Measures shall be taken to maintain or improve soil structure, fertility, and biological activity. The techniques and rate of harvesting, road and trail construction and maintenance, and the choice of species shall not result in long term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.	NA	
10.7. Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire, and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers. Plantation management should make every effort to move away from chemical pesticides and fertilizers, including their use in nurseries. The use of chemicals is also covered in Criteria 6.6 and 6.7.	NA	
C10.8. Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, (e.g., natural regeneration, effects on water resources and soil fertility, and impacts on local welfare and social well-being), in addition to those elements addressed in Principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not have significant negative ecological impacts on other ecosystems. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access.	NA	
C10.9. Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances where sufficient evidence is submitted to the certification body that the manager/owner is not responsible directly or indirectly of such conversion.	NA	

3.2 Stakeholder Comment

Social/Recreational Stakeholder Comments:

- In the 1960s-1970s, MI DNR was held in much higher repute than today, possibly due to budget constraints and the corresponding decrease in recreational services
- Trail users are upset that MI DNR has closed 3 of 18 primitive camps due to funding cuts, the future of the remaining 15 camps is uncertain.
- In general, users are dismayed with steep increases in fees, but also understand why they are necessary.
- Volunteer groups that regularly maintain trails are frustrated with logging crews that that fell timber over the trails, then do not clean up afterwards.
- Local OHV club feels that in general, relations with DNR are positive and overall they are very pleased with their performance.
- Some field offices are better communicators than others; there is inconsistency in the levels of response and dialogue across the various DNR units.

Environmental Stakeholder Comments:

- DNR needs to more actively address invasive species control.
- Other state DNRs (Wisconsin, Ontario, etc.) have made coldwater fisheries management a priority; MI DNR lags behind in this respect. Division of Forestry is given more priority than Division of Fisheries because they provide a more tangible service (logging revenues).
- DNR's management favors particular species, for example grouse, due to hunting interests; they should be managing for more resource and species diversity.
- DNR management would be better with improved communication between the main office in Lansing and the field offices spread throughout the state.
- Overall there is a very high opinion of DNR employees; they do their jobs well and with a great deal of pride.
- DNR is putting considerable effort into their new planning process; one particular environmental group is very supportive of the landscape-level approach but feels that the pace of this process is too slow.
- Despite the fact that DN R has watercourse buffer zone policies, sometimes they are not translated to logging operators and harvesting in some instances occurs too close to streams.

Economic Stakeholder Comments:

- From a strategic standpoint, DNR needs to pay more attention to private lands.

3.3 Controversial Issues

There are no exceptionally controversial issues that dominate public discourse over the management of the Michigan state forests. However, there are some specific issues that do garner active stakeholder attention and input and that DNR must focus on in a legitimate manner if these issues are not to elevate to a highly controversial stature. These issues include: ORV management, management planning (updates of plans/issuance of new plans), even-aged management of red pine and aspen, and the implications of staff/funding reductions. All of these issues have been and will continue to be examined by the audit team as part of annual surveillance audits.

3.4 Changes in Certificate Scope

There were no changes in the scope of this certificate during the previous year.